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EXECUTIVE SUMMARY

This is the 22nd Semiannual Report to the Congress summarizing the activities and accomplishments of the National Archives and Records Administration (NARA) Office of Inspector General (OIG). The highlights of our major functions are summarized below.

Audits

We issued the following audit reports during the reporting period:

- **Evaluation of the Accuracy of NARA's Performance Measurement Data:** NARA officials should be commended for their efforts in developing a system that measures agency performance against strategic goals and objectives. However, our evaluation revealed that additional effort is needed to improve the quality and reliability of the data, so that the weaknesses noted do not affect the integrity of NARA's Performance Report to Congress. (Audit Report #00-03, dated January 28, 2000. See page 12.)
- **Evaluation of NARA's Business Continuity and Contingency Plan:** NARA is to be congratulated for the exceptional job of planning, documenting, and testing strategies in its Business Continuity and Contingency Plan (BCCP), thereby reducing the agency's exposure to Y2K-induced business failures. Our review noted that as a result of management's efforts, all 22 NARA mission-critical systems remained up and running on January 1, 2000, and no significant problems occurred during the first 2 weeks of operation in January 2000 (Audit Memorandum #00-05, dated February 4, 2000. See page 13.)

Management Letters

We issued one management letter advising NARA on the following issue:

- Determination of whether a property management software program under consideration for purchase would satisfy a recommendation (in OIG report no. 99-06, Review of NARA Personal Property Management Program, April 14, 1999) regarding the acquisition of a personal property management system for NARA (Management Letter #00-04, dated December 10, 1999. See page 14.)

Consulting Reports

We issued one consulting report regarding the following:

- Improving administrative operations and procedures at the Office of Records Services (NW), – Washington, D.C. (NW) that included evaluating internal procedures, automated systems, and staffing levels related to expending, and accounting for budgeted funds (Consulting Report #00-06, dated March 31, 2000. See page 15.)

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Investigations

We began this reporting period with 12 open investigations, initiated another 21 investigations, and closed 18 cases. During this reporting period we investigated

- an allegation of false statements made by a NARA employee
- an allegation of unauthorized use of a government vehicle
- 2 reported thefts
- irregular contractor selection by a NARA facility
- an allegation of fraudulent use of a government-issued VISA card
- improper application of a Department of Veteran Affairs' (VA) program by a NARA facility
- an allegation of sexual harassment

Management Assistance

In our management assistance activities this reporting period, we

- provided advice and technical assistance to the Office of General Counsel on a contracting issue that could enable NARA to reallocate \$40,000 to better use
- partnered with the Acquisitions Services Division to begin proactive efforts aimed at (1) addressing contracting issues facing NARA and (2) ensuring that contractors properly follow contract terms and bill appropriately on NARA contracts
- commented on NARA's Fiscal Year 1999 Performance Report that was issued to the Congress, the Administration, and the public on March 31, 2000
- commented on OMB's guidance on estimating and reporting paperwork burdens under the Paperwork Reduction Act (PRA); suggested that the calculation for estimating paperwork burdens be clearly explained and documented
- suggested revisions to a NARA draft directive regarding appropriate use of NARA office equipment to ensure that proper management controls were documented
- commented on revisions to three NARA Privacy Act Systems to ensure that researchers only receive information they request.

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- continued to participate in activities of the Records Center Reimbursable Project Team
- commented on the draft System Cost Product prepared by PricewaterhouseCoopers (PwC), which documents estimated costs for modernizing and integrating NARA systems with the reimbursable program
- commented on PwC's draft Implementation Product Plan, which will be used for establishing the order in which the various reimbursable program components and subsystems will be brought online
- commented on PwC's draft Target System Requirements, which describes the system requirements for the new integrated system within the reimbursable program
- commented on NARA's Resources Status Flash Report, which documents resource usage and funding for various NARA programs

Inspector General Concern

Inspector General's Status Report on NARA's Records Center Reimbursable Program

On October 1, 1999, NARA implemented a revolving fund for its records center reimbursable program. Congress appropriated \$22 million to the revolving fund for commencing operations. After the \$22 million is expended, NARA must rely on payments from Federal agency customers to accumulate additional revenue. Several months ago, NARA sent memorandums of understanding ("customer agreements") to each Federal agency customer that described the services NARA will provide and the terms of payment.

Last reporting period, we advised you that we were concerned because, although \$90 million out of \$97 million in customer agreements were outstanding, NARA was required by law¹ to implement the revolving fund. We were concerned that NARA's inability to get all of the agreements signed could eventually impact the revolving fund's cash flow.

Current Status

Over the past 6 months, NARA has continued to work very hard to get more customer agreements signed. As a result, NARA has been able to obtain over \$68 million representing 70 percent of the total amount of signed agreements. NARA has advised us that it has verbal assurances

¹ The President signed Public Law 106-58 establishing the records centers revolving fund on September 29, 1999.

EXECUTIVE SUMMARY

from representatives of the majority of agencies who have not yet signed that their customer agreements will be forthcoming in the near future. Although we are concerned that the amount of outstanding agreements exceeds the \$22 million appropriation Congress provided to NARA to start up the revolving fund, we believe the situation has significantly improved. Both NARA and the OIG are closely monitoring the revolving fund's cash flow via weekly reports. We will continue to keep you informed on this issue.²

² Subsequent to the date of this report, one NARA customer who had not signed a customer agreement nevertheless paid NARA \$908,000.

INTRODUCTION

About the National Archives and Records Administration

Mission

The National Archives and Records Administration (NARA) ensures, for the Citizen and the Public Servant, for the President and the Congress and the Courts, ready access to essential evidence.

Background

NARA, by preserving the Nation's documentary history, serves as a public trust on which our democracy depends. It enables citizens to inspect for themselves the record of what the Government has done. It enables officials and agencies to review their actions and helps citizens hold them accountable. It ensures continuing access to essential evidence that documents the rights of American citizens, the actions of Federal officials, and the national experience.

Federal records reflect and document America's development over more than 200 years and are great in number, diverse in character, and rich in information. These holdings include more than 4 billion pages of textual materials; over 112,000 reels of motion picture film; over 4 million maps, charts, and architectural drawings; over 200,000 sound and video recordings; over 9 million aerial photographs and nearly 7 million still pictures; and over 14,000 electronic files from more than 100 agencies and bureaus.

In addition, NARA involves millions of people in its public programs, which include exhibitions, tours, educational programs, film series, and genealogical workshops. NARA publishes the Federal Register and other legal and reference documents that form a vital link between the Federal Government and those affected by its regulations and actions. Through the National Historical Publications and Records Commission, NARA helps to preserve and publish non-Federal historical documents that also constitute an important part of our national heritage. NARA also administers the Nixon Presidential Materials Staff and 10 Presidential libraries, which preserve the papers and other historical materials of all past Presidents since Herbert Hoover.

Resources

In FY2000, NARA was appropriated an annual budget of approximately \$231 million and 2,649 Full-time Equivalents (FTEs). The \$231 million included appropriations for operations, repairs and restoration of facilities, grants, reimbursable services, a gift fund, and a trust fund. NARA operations are spread throughout 33 facilities nationwide.

INTRODUCTION

About the Office of Inspector General

The OIG Mission

The OIG's mission is to ensure that NARA provides the American people with ready access to essential evidence by providing high-quality, objective audits and investigations and serving as an independent, internal advocate for economy, efficiency, and effectiveness.

Background

The Inspector General Act of 1978, as amended, established the OIG's independent role and general responsibilities. The Inspector General reports to both the Archivist of the United States and the Congress. The OIG evaluates NARA's performance, makes recommendations for improvements, and follows up to ensure economical, efficient, and effective operations and compliance with laws, policies, and regulations. In particular, the OIG

- Assesses the effectiveness, efficiency, and economy of NARA programs and operations
- Recommends improvements in policies and procedures to enhance operations and correct deficiencies
- Recommends cost savings through greater efficiency and economy of operations, alternative use of resources, and collection actions
- Investigates and recommends legal and management actions to correct fraud, waste, abuse, or mismanagement

Resources

The FY 2000 OIG budget is approximately \$1.1 million for operations. The OIG has 13 FTEs. In addition to the Inspector General and support staff, 7 FTEs are devoted to audits, 3 to investigations, and a half FTE for a part-time Counsel to the Inspector General.

At the end of this semiannual reporting period there was one vacant audit position and one vacant administrative support position in the OIG. During the period, the Inspector General (IG) position and an auditor position were filled. The IG plans to hire an Information Technology (IT) auditor to fill the vacant auditor position.

OFFICE OF INSPECTOR GENERAL

ACTIVITIES

Involvement in the Inspector General Community

President's Council on Integrity and Efficiency (PCIE) and Executive Council on Integrity and Efficiency (ECIE) Annual Joint Retreat

The NARA Inspector General served as the co-chair of the annual joint retreat of the PCIE and ECIE. The topic of the retreat was "The Evolving Role of the Inspector General in the New Millennium." The retreat provided an excellent opportunity for members of the Inspector General community to reach consensus on our direction and focus. Further, it allowed members of the community to share ideas and approaches with an eye towards maximizing the value we provide to our respective organizations, Congress, and the American public. The agenda of the retreat encompassed such topical areas as strategic planning, relationships with stakeholders, and discussions related to IG best practices. Guest speakers included Senator Susan Collins, White House Chief of Staff John D. Podesta, and author Paul Light of the Brookings Institute.

PCIE/ECIE Professional Development Committee

The Inspector General serves as the ECIE representative to the IG Professional Development Committee. The Committee mandate encompasses identifying and facilitating professional training forums and strategies for all PCIE and ECIE staff. The Inspector General participates in Committee meetings and provides monthly feedback to the other Inspectors General in the ECIE community.

Federal Audit Executive Council Lawrence H. Weintrob Award

The Assistant Inspector General for Audits served as a selection committee member for the Federal Audit Executive Council Lawrence H. Weintrob Award. This award formally recognizes individuals who are role models within the Federal audit community for (1) distinguished career contributions to enhance the safety, health, financial security, education, or other major aspects of the welfare of the general public, segments of the U.S. population, or the Federal workforce, or (2) ensuring that related government services are provided in the most efficient and effective manner.

OFFICE OF INSPECTOR GENERAL

ACTIVITIES

OIG Computer Intrusion Working Group

The Assistant Inspector General for Investigations (AIGI) attended the OIG Computer Intrusion Working Group Conference and participates in ongoing meetings held by this group, which has become a permanent member within the OIG community. This working group focuses on issues and challenges facing OIGs in the area of computer intrusions.

PCIE/ECIE Investigations Subcommittee

The AIGI met with members of the PCIE and ECIE Investigations Subcommittee to discuss investigative issues affecting the OIG community. The subcommittee is part of the Strategic Planning Committee.

Council to Counsels to the Inspector Generals (CCIG)

The OIG legal counsel serves on the CCIG training committee, and during this period arranged for a NARA speaker to address the CCIG on the subject of records retention schedules.

Other Activities

Archives for the Non-Archivist

The IG explained the role of the OIG to NARA employees enrolled in the Archives for the Non-Archivist Training Class.

Executive Potential Program

The IG nominated an OIG auditor for the Executive Potential Program. The auditor was subsequently selected by NARA as the agency's designee to participate in the program. The program provides training and developmental experiences for high-potential individuals GS 13–15, and prepares them for leadership positions in the Federal Government and public administration in general.

OFFICE OF INSPECTOR GENERAL

ACTIVITIES

Review of Proposed Legislation and Regulations

We commented on the following bill:

Senate bill 1993, the Government Information Security Act of 1999 — This bill would require Federal agencies to strengthen information security practices. Section 3535 of the bill requires Federal agencies to have an annual, independent evaluation of their information security program and practices. Under the original bill, the annual evaluation would have been performed by Inspectors General appointed under the Inspector General Act of 1978 (5 U.S.C. App.), or by an independent, external auditor, as determined by the Inspector General of the agency. For any agency that did not have an Inspector General appointed under the Inspector General Act of 1978 (5 U.S.C. App.), the head of the agency would contract with an independent, external auditor to perform the evaluation.

The OIG commented, through the PCIE legislative liaisons, to the Office of Management and Budget (OMB) that the bill appeared to exclude Designated Federal Entity (DFE) Inspectors General such as the NARA OIG. DFE IGs, are selected by the agency head instead of the President. Also, the bill appeared to exclude Presidentially appointed Inspectors General under IG Act amendments. On March 23, 2000, the bill was amended to include DFE Inspectors General.

Another provision of the bill requires Federal agencies to have procedures for detecting, reporting, and responding to security incidents, including “notifying and consulting with law enforcement official and other offices and authorities...” (Section 3534). At NARA, the OIG is the law enforcement office for the agency. Therefore, the OIG would become involved in security incident investigations.

We commented on the following regulations:

A proposed draft regulation concerning records declassification — This regulation was published in the Federal Register on February 17, 2000. NARA is currently seeking comments on how the proposed rule will affect members of the public who file mandatory review requests and Federal agencies.

A proposed draft regulation concerning public use of NARA facilities — This regulation was published in the Federal Register on March 23, 2000. NARA is currently seeking comments regarding how the proposed rule will affect the public.

A draft regulation on the removal of records — NARA decided not to change this regulation but put it in a NARA Bulletin. The NARA Bulletin is currently in draft.

AUDITS

Overview

This period, we issued one

- final audit report
- audit memorandum³
- management letter⁴
- consulting report⁵

We completed fieldwork on the following assignments:

- an evaluation of NARA's process for selecting, controlling, and evaluating information technology investments to ensure that NARA is effectively reducing the risk and maximizing net benefits from information technology investments
- an assessment of NARA's policies and procedures for backing up computer programs and files to assert that the agency backup procedures are adequate for ensuring that lost computer files can be recovered, and that operations could be continued in the event of a disaster
- an evaluation of NARA's management control program for fiscal year 1999 to ensure compliance with the Federal Managers' Financial Integrity Act (FMFIA), Office of Management and Budget Circulars A-123 and A-127, and the NARA management control system

We also began the following assignments:

- an evaluation of NARA's disposal and concurrence process to determine whether adequate management controls exist to prevent premature disposals
- an evaluation of the accuracy and reliability of data entered into the performance measurement and reporting system
- a floorcheck audit of a NARA contractor to determine whether the employees were (1) actually at work and (2) properly recording their time

³ Audit memorandums are used when an audit is performed and there are either no findings, or the findings are judged by the OIG to be immaterial and not significant enough for inclusion in the formal audit report.

⁴ Management letters are used to address issues, not resulting from an audit, that need to be quickly brought to management's attention.

⁵ Consulting Services reviews are initiated by management and designed to provide management with quick, direct responses to specific program questions or monitoring assistance on ongoing initiatives.

AUDITS

Audit Summaries

Evaluation of the Accuracy of NARA's Performance Measurement Data

The purpose of this evaluation was to verify the validity of data entered into NARA's new Performance Measurement Reporting System (PMRS). We attempted to verify the accuracy of information entered into performance measurement databases at 11 headquarters and field offices. We evaluated data from the first and second quarters of FY1999. Where available, we also reviewed third-quarter data. We compared information entered into the system with individual source documents to determine whether the data in the performance measurement system was accurate. Additionally, we looked for instances of erroneous and missing database information. Further, we determined whether each office consistently applied current guidance.

NARA officials should be commended for their efforts in developing the PMRS, which measures agency performance against strategic goals and objectives. However, our review disclosed that additional effort is needed to improve the quality and reliability of the data, so that noted weaknesses do not affect the integrity of NARA's March 2000 performance report to the President and Congress.

Our review noted that data could not always be verified because (1) source documents were either missing or they did not substantiate database entries, (2) incorrect data was in the database, (3) pertinent program information was not included, and (4) NARA officials did not enter data consistently into the system. Additionally, we found mathematical errors in the declassification database.

We recommended that (1) performance measurement guidance be revised or created to ensure that source documents exist and are maintained; (2) staff members responsible for maintaining support documents be trained on how these documents should be maintained; (3) staff members responsible for reporting performance measure data are aware of the reporting requirements and that data is entered in the database in accordance with the guidance; (4) management determine whether to include pension and military records in the 1-hour pull time performance data; and (5) management clarify, in the performance measurement guidance, the definition of "research room pull," and how to handle training and workshop questionnaires when the participant does not give the course an overall rating. Management concurred with our recommendations and, prior to the completion of our draft report, began taking corrective actions (Audit Report #00-03, dated January 28, 2000).

AUDITS

Evaluation of NARA's Business Continuity and Contingency Plan

The objective of this evaluation was to determine whether management's business continuity and contingency planning efforts provided reasonable assurance that the agency's exposure to Year 2000 (Y2K)-induced business failures was minimal. The OIG also used this opportunity to assess whether NARA's Business Continuity and Contingency Plan (BCCP) was adequate to address other potential disruptions to mission-critical systems.

NARA should be congratulated for an exceptional job of planning, documenting, and testing strategies in its BCCP, thereby reducing the agency's exposure to Y2K-induced business failures. As a result of management's efforts, all 22 mission-critical systems remained up and running on January 1, 2000, and no significant problems occurred during the first 2 weeks of operation in January 2000.

However, we identified six potential findings that management took quick action to address before December 31, 1999. These potential findings included the following: (1) contingency plans for the mission-critical systems did not require that contingency plans be tested, (2) some mission-critical system contingency plans stated that backups of data or printing of reports be done on the last business day of December 1999, while others did not specify a date, (3) the John F. Kennedy Library's (JFK) mission-critical system contingency plan did not provide an alternative method for providing service to Federal agencies should the JFK Collection System go down due to a Y2K problem, (4) the contingency plans for NARA's Computer Network (NARANET) and telephone mission-critical systems had not been finalized, (5) the new Ronald Reagan Library Storage and Information Retrieval System was having data conversion problems as of November 30, 1999, and (6) management had not certified the remaining mission-critical systems as being Y2K compliant.

Realizing the importance of BCCP planning, management took appropriate steps to ensure that mission-critical systems were Y2K compliant and that strategies were in place to continue operations in the event of system failures. Aware that business continuity and contingency planning is a continual process, management continues its work of protecting NARA's critical business systems.

On February 4, 2000, we issued an audit memorandum to the Assistant Archivist for Human Resources and Information Services stating that our review of NARA's BCCP determined that management's business continuity and contingency planning efforts provided reasonable assurance that the agency's exposure to Y2K-induced business failures was minimal (Audit Memorandum #00-05, dated February 4, 2000).

AUDITS

MANAGEMENT LETTERS

Evaluation of Property Management Software

Management asked the OIG to evaluate the Inte-Great Property Manager (IPM), a property management software program developed by the Inte-Great Corporation. Our objective was to determine whether that system would satisfy a OIG recommendation (in OIG report no. 99-06, Review of NARA Personal Property Management Program, April 14, 1999) to acquire a personal property management system for managing NARA personal property. Specifically, we determined whether the IPM would (1) account for property on a real-time basis by interfacing directly with a menu-driven, interactive database management system; (2) easily perform inventories of equipment, using scanning devices to read barcode labels; (3) incorporate additional controls that prevent anyone other than the responsible Property Accountable Officer (PAO) from making changes to the personal property inventory for which he or she is responsible; and (4) ensure that Master Inventory Listings are accurate and complete concerning bar code numbers, physical locations, property descriptions, property and item status codes, purchase order numbers, and acquisition costs.

We reported that the IPM appeared to adequately address the issues discussed and recommendations made in our previous audit report. Although we did not see the system in actual operation, we believe that, if the IPM functions as advertised, it should provide complete, accurate, and up-to-date information for managing NARA's personal property inventory. We concluded that the IPM

- accounts for property on a real-time basis by interfacing directly with a menu-driven, interactive database management system
- easily performs inventories of equipment, using scanning devices to read barcode labels
- allows for complete, customized security and appears to have robust security features, including multiple-level security accessibility standards (i.e., multiple levels of security can be established with individual view and edit rights)
- creates an organized record of equipment, vehicles, furniture, fixtures, or any valuable asset whose history needs to be monitored

On December 10, 1999, we sent a management letter to the Director of Facilities and Materiel Management Services Division informing him of our findings (Management Letter #00-04, dated December 10, 1999).

AUDITS

CONSULTING REPORTS

Review of the Office of Records Services (NW), – Washington, D.C. Administrative Operations and Procedures

Management requested that the OIG provide consulting services related to improving NW administrative operations and procedures. Those services included evaluating internal procedures, automated systems, and staffing levels related to expending, and accounting for, budgeted funds.

We found that NW's administrative employees are well trained and were competently performing their assigned tasks. However, we also found that travel management and credit card processes needed improvement, and opportunities existed to improve employee efficiency by improving the processes used to perform administrative tasks. There were numerous instances where functions were duplicated without any improvement in internal control or measurable benefit. For example, one administrative staff member performed unnecessary reviews of budget documentation, travel authorizations, and travel vouchers completed by another administrative staff member.

On March 31, 2000, we issued a consulting report to the Assistant Archivist for the Office of Records Services–Washington, D.C., that included five suggestions for improving administrative operations and procedures: changing work patterns and processes, eliminating duplicate functions, and either improving the current manual travel process or consider implementing an automated travel process (Consulting Report #00-06, dated March 31, 2000).

AUDIT WORK-IN-PROCESS

Review of NARA's Process for Investing in Information Technology Projects

The OIG has completed fieldwork on the *Review of NARA's Process for Investing in Information Technology Projects*. The overall objective of this evaluation was to determine if NARA is effectively reducing the risk and maximizing net benefits from its information technology (IT) investments. Specifically, we sought to determine whether (1) the agency has developed a portfolio of IT projects, using a standard set of criteria for consistent comparison that maximizes mission performance; (2) ongoing IT projects are measured against their projected costs, schedule, and benefits; and (3) the actual return on investment of IT projects is determined based on the agency's mission.

We reviewed applicable laws, regulations, and other IT-related guidance and reviewed NARA's process for submitting and screening IT projects for management consideration. We determined

AUDITS

whether project risks were identified, together with the probability that each would happen, and the likely losses that would arise should the specific risk occur. Also we determined whether project benefits were identified and analyzed, management regularly monitored the progress of ongoing IT projects, and management assessed a project's success or failure after it had been implemented.

We issued a draft report to management for comment. Upon receiving final comments from management, a final report on the results of our efforts will be issued.

Review of NARA's Computer Network Backup Procedures

The OIG has completed fieldwork on an assessment of the policies and procedures for backing up computer programs and files at NARA facilities. The overall purpose of the assessment, requested by management, was to determine if agency backup procedures are adequate for ensuring that lost computer files can be recovered, and that operations could be continued in the event of a disaster. Specifically, we determined whether (1) successful backup copies of all server files are created at frequent intervals, (2) backup copies are maintained in a secure location at a site away from the server facility, and (3) backup procedures are documented.

To accomplish our review objectives at the NARA field sites and Archives II, we requested system administrators to send us backup job history log files. Then, we analyzed and summarized information contained in those files. Our review consisted of determining (1) the total number of backups (both full and incremental) completed or attempted during the review period, (2) the volumes and directories backed up, (3) if open files were skipped during the backup process, (4) if backup jobs included verification checks, (5) the number of corrupt files found during the backup process, (6) whether backup jobs were completed successfully, and (7) the total number of successful backup jobs run each day. We reviewed job history files for October 1999 backups at the NARA field sites and for November 1999 through January 2000 backups at Archives II. In addition, we requested system administrators at the field sites to respond to a questionnaire concerning the backup operation at their locations and to provide a copy of any documented backup procedures. A report on our efforts will be issued in a future semiannual report.

Evaluation of NARA's Management Control Program for Fiscal Year 1999

The OIG completed fieldwork on an *Evaluation of NARA's Management Control Program for Fiscal Year 1999*. The purpose of this evaluation is to determine the extent of NARA's compliance with the requirements of the Federal Managers' Financial Integrity Act (FMFIA), Office of Management and Budget (OMB) Circulars A-123 and A-127, and the NARA Management Controls System, to support the Archivist's FY1999 assurance statement to the President and the Congress. Specific objectives of the review were to determine whether (1) management had developed an informal written plan for reviewing critical areas and programs,

(2) management controls were continually assessed, and (3) accurate information was included in the assurance statements of NARA office heads. A synopsis on the results of our efforts will be incorporated in the next semiannual report.

Evaluation of NARA's Records Disposal and Concurrence Process

The OIG is in the process of conducting an *Evaluation of NARA's Disposal and Concurrence Process*. The objective of this evaluation is to assess the effectiveness of the records disposal and concurrence process and provide management with recommendations for corrective actions as warranted.

To accomplish our objective, we will review NARA guidance pertaining to the disposal of records. In addition, we will assess management controls in place to prevent and safeguard records from premature disposal. Specifically, we will assess the adequacy of disposal procedures, the disposal process, the destruction of records, instances of premature disposals, and disposal backlogs. A synopsis on our audit efforts will be incorporated in the next semiannual report.

Evaluation of the Accuracy of Performance Measurement and Reporting System Data

The OIG began an *Evaluation of the Accuracy of Performance Measurement and Reporting System Data* in the second quarter of FY2000. The objective of the evaluation is to verify the validity of data entered into NARA's new performance measurement system. The accuracy of 13 of the 29 numeric metrics in NARA's Fiscal Year 2000 Annual Performance Plan will be verified.

Because the data entered into the NARA Performance Measurement Reporting System (PMRS) is used to report to the President and Congress on the agency's accomplishments against Government Performance Results Act (GPRA) goals, it is essential that that data be accurate and reliable.

Floorcheck Audit of a NARA Contractor

The OIG is in the process of performing a floorcheck audit of a NARA contractor. The purpose of the audit is to determine whether the contractor is properly recording time worked. Specifically, we will determine whether contractor employees are (1) actually at work; (2) performing in their assigned job classifications; and (3) properly recording their time. Floorchecks are done in accordance with Federal Acquisition Regulation (FAR) 52-215.2 (b), "Audit and Records-Negotiations," and FAR 31.201-2, "Determining Allowability." Floorchecks are generally unscheduled, and contractor employees are selected at random. We will issue a report on the results of our efforts in a future semiannual report. This represents the initial proactive audit effort by the OIG to initiate coverage of contractor performance, oversight, and billing to ensure that government assets are protected against waste, fraud, abuse, and mismanagement.

AUDITS

Contract Audit of an Equitable Adjustment Claim

The OIG began an audit of an equitable adjustment claim submitted by a NARA contractor. An equitable adjustment claim results from changes in the scope of the contract that increase the costs for the contractor. The contractor submits a written claim detailing the specific items, dollar amount, and reasons behind the increased costs. The contractor must prove that the additional work is necessary and that this work is not within the original scope of the contract. The objective of this review is to determine whether costs are reasonable, allocable, and allowable. To audit this claim, we reviewed the contract for pertinent dates and scope of work and the contractor's supporting documentation. We also held meetings with NARA officials, appropriate in-house engineers and outside engineers, and the contractor to determine the sequence of events and the scope of the work performed or to be performed. We will report on our review efforts next reporting period.

INVESTIGATIONS

The OIG Hotline provides a prompt, effective, and confidential channel for reporting fraud, waste, abuse, and mismanagement to the OIG. In addition to receiving telephone calls at a toll-free Hotline number and letters to the Hotline post office box, we also accept email communication from either NARA's internal network or the Internet through the Hotline email system.

Operational controls protect the identity of Hotline sources. OIG special agents promptly and carefully review calls, letters, and email to the Hotline. We investigate allegations of suspected criminal activity or civil fraud and conduct preliminary inquiries on non-criminal matters to determine the proper disposition. Where appropriate, referrals are made to the OIG Audit Staff or to NARA management.

The following table summarizes Hotline activity for this reporting period:

Cases Opened*	1
Cases Referred Outside of the OIG	71
No Action Necessary	275
Total Hotline Contacts	347

**Cases included in investigative workload statistics.*

INVESTIGATIONS

INVESTIGATIVE CASE SUMMARIES

False Statement, Title 18 United States Code §1001

A NARA employee intentionally made false statements on the National Security Positions Form (SF86). The SF86, Part 2, Section 22 (page 7) asks if the employee had been fired from a job in the past 10 years. In the completed the SF86 (dated April 20, 1999), the employee denied being fired from any employment within the past 10 years. The employee signed page nine of the SF86, certifying the truthfulness of the responses. The United States Investigations Service (USIS) background report included information from a recent former employer stating that the employee had been fired for theft of receipts. The employee explained the “No” response by saying that since the employee did not provide reference to the previous employer on the SF86, the employee did not think the question applied to that job. Notwithstanding, the employee’s rationale, by signing the SF86 to the negative, the employee provided a false statement. The employee was reassigned.

Theft of Personal Cash

A group of contractor employees placed \$50 each, per payday into a “pool.” Each contributor on a rotating basis would receive, in lump sum, the total money in the “pool.” The money was stored in a NARA office used by the contractor employees. The “pool” contained \$750 when the theft occurred. We closed the investigation due to the lack of investigative leads. The contractor employees have since discontinued the practice.

Theft of Cash Receipts

Initial report of apparent theft of cash receipts by a NARA Museum Shop employee resulted in the conclusion that the employee had erred. The involved employee, although having received repeated training, is uncomfortable with computers. The employee finished the workday with an overage of approximately \$117. Rather than report the error, the employee simply rang up non-existent sales to account for the overage. A review of the receipts by the curator revealed that the employee had originally made an addition error. We closed the investigation as unfounded because the employee did have any criminal intent. Management handled the matter administratively.

Unauthorized Use of a Government Vehicle

A NARA employee, on several occasions, without authorization, drove a government vehicle home. After obtaining the description and tag number of the government vehicle reportedly used for non-official activities, we made periodic checks of the employee’s home address. We observed the government vehicle parked next to the employee’s residence on four separate

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INVESTIGATIVE CASE SUMMARIES

occasions. On one occasion, we observed the employee exit the residence, enter the government vehicle, and drive to work. The employee admitted the unauthorized use and received oral counseling for the offense.

Irregular Contractor Selection

The former director of a NARA facility violated procurement procedures by entering into a verbal sole source agreement with a contractor to provide catering services at a NARA facility. We informed management that such an agreement violated open competition requirements of the Federal procurement regulations. NARA management now follows the appropriate Federal procurement regulations.

Credit Card Fraud

Person(s) unknown used a NARA manager's Citibank VISA government travel credit card to purchase subscriptions to adult Internet web sites. The web sites were the only legal victims in this fraud, and chose not to cooperate. Neither NARA, Citibank, nor the employee suffered any monetary loss and we closed the investigation. Citibank closed the compromised account and issued a new credit card to the NARA manager.

Improper Application of a VA Benefit Program

A NARA facility improperly used the Department of Veteran Affairs' (VA) Compensated Work Therapy (CWT) program to fill vacancies at the facility. The CWT program provides jobs to military veterans currently enrolled in a targeted VA hospital-related program. Non-veterans are ineligible for CWT, regardless of the circumstances involved.

The NARA facility had six intermittent personnel (part-time employees) on the CWT program roster. The intermittent personnel had exhausted their maximum hour allotment, and the NARA facility manager referred their names to the VA-CWT program site administrator when the administrator was unable to provide veterans to perform work at the facility. The CWT site administrator, in conjunction with the NARA facility management arranged for the NARA intermittent personnel (non-veterans), who exhausted their maximum hour allotments, to continue to work, under the CWT program. We coordinated with the VA OIG who concluded that the use made of the CWT program by the local office exceeded its authority, and the VA office was directed not to administer to non-veterans. The VA OIG also related that funding for the CWT program was not part of the VA budget. NARA discontinued the practice of referring personnel to the VA-CWT Program Administrator.

INVESTIGATIONS

INVESTIGATIVE CASE SUMMARIES

Sexual Harassment

In this reporting period, the OIG received an allegation of sexual harassment on the part of a NARA employee. Upon examination of the facts pertaining to the allegation, the OIG referred this allegation to the cognizant authority, the NARA Equal Employment Opportunity (EEO) Office, for dispensation. The investigatory work was subsequently contracted to a private contractor who provided NARA with a report outlining the investigative findings. This report, coupled with additional findings developed by the OIG, resulted in management taking what they determined to be appropriate administrative action against the subject employee including the reassignment of specific oversight functions from the employee to other employees.

MANAGEMENT ASSISTANCE

OIG Management Assistance Provided to the Office of General Counsel

The OIG provided advice and technical assistance to the Office of General Counsel on a contracting issue involving costs claimed by a contractor. The OIG determined that these costs were unallowable under the Federal Acquisition Regulation and that NARA is not obligated to reimburse the contractor for either the settlement amount or the general and administrative expenses associated with the contractor's claim. This resulted in the opportunity for NARA put \$40,000 in funds to better use. The contracting officer's final decision is pending.

OIG Management Assistance Provided to the Acquisition Services Division

During this period the OIG partnered with the Acquisitions Services Division to begin proactive efforts aimed at (1) addressing contracting issues facing NARA and (2) ensuring that contractors properly follow contract terms and bill appropriately on NARA contracts. Specifically, we performed a floorcheck audit of a NARA contractor to ensure that contractor employees are (1) actually at work, (2) performing in their assigned job classifications, and (3) properly recording their time. Also, we began an evaluation of a contractor's claim and continue to assist the Acquisition Services Division in reviewing other contract issues.

MANAGEMENT ASSISTANCE

OIG Management Assistance in the Reimbursable Program

Because this is the first year of operation of the reimbursable program, we have made a commitment to management that we will provide an independent assessment of the reimbursable program's management controls. Our goal is to provide prompt, constructive feedback on the effectiveness of the framework of controls designed to provide management information as well as detect and prevent billing or financial reporting inaccuracies.

Currently, we are evaluating the adequacy of controls in place for rent, as rent constitutes a substantial portion of program assets. We are reviewing NARA's procedural framework for assuring that payments are (1) made in accordance with terms of applicable occupancy agreements, and (2) properly reflected in the reimbursable program's financial records. Additionally, we are assessing the usefulness of management information reports that NARA program officials utilize for decision-making in lease negotiations. We will be briefing NARA in the near future on the status of these controls. We will make recommendations for addressing control weaknesses, as necessary.

NARA has also requested that we provide them with an assessment of the integrity of billing records maintained at the regional level. Although central office staff is responsible for preparing customer billings, they must rely on regional office roll-ups of expenses and customer workloads. The roll-up process, which is a new one for regional office staff, entails summarizing information from both automated and manual systems. NARA has asked us to review a sample of records that support regional office summaries, then confirm that the summaries are fully supported by the system of underlying records. We plan to test the reliability of both the manual and automated systems, then brief NARA on the results of our tests. We will make recommendations for addressing control weaknesses, as necessary.

In addition, the Office of Inspector General continued to participate on the Records Center Reimbursable Project Team. During this period, we commented on the following:

- The draft System Cost Product prepared by PricewaterhouseCoopers (PwC) that documents estimated costs for modernizing and integrating the systems with the reimbursable program
- PwC's draft implementation product plan that will be used for establishing the order in which the various reimbursable program components and subsystems will be brought online
- PwC's draft target system requirements which describes the system requirements for the new integrated system within the reimbursable program
- NARA's Resources Status Flash report, which documents resource usage and funding for various NARA programs

REPORTING REQUIREMENTS

MANDATED BY

THE INSPECTOR GENERAL ACT OF 1978, AS AMENDED

<u>REQUIREMENT</u>	<u>SUBJECT</u>	<u>PAGE</u>
Section 4(a)(2)	Review of legislation and regulations	10
Section 5(a)(1)	Significant problems, abuses, and deficiencies	11–22
Section 5(a)(2)	Significant recommendations for corrective action	11–15
Section 5(a)(3)	Prior significant recommendations unimplemented	30
Section 5(a)(4)	Summary of prosecutorial referrals	26
Section 5(a)(5)	Information or assistance refused	30
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Section 5(a)(10)	Prior audit reports unresolved	30
Section 5(a)(11)	Significant revised management decisions	30
Section 5(a)(12)	Significant management decisions with which the OIG disagreed	30

REPORTING REQUIREMENTS

STATISTICAL SUMMARY OF INVESTIGATIONS	
<i>Investigative Workload</i>	
Cases Pending	12
Allegations received this reporting period (2 proactive cases)	34
Cases opened this reporting period	21
Cases closed this reporting period	18
Cases carried forward this reporting period	15
Categories of Investigations	
Fraud	4
Conflict of Interest	2
Contracting Irregularities	2
Misconduct	9
Larceny (theft)	7
Torts	0
Other	9
<i>Investigative Results</i>	
Cases pending prosecutive action (from the previous reporting period)	1
Cases referred for prosecutive action	3
Cases where prosecutive action was declined	2
Indictments and Warrants (from the previous reporting period)	1
Convictions	0
<i>Administrative Remedies</i>	
Employee(s) terminated	0
Employee(s) resigned in lieu of termination	0
Employee(s) suspended	0
Employee(s) given letter of reprimand or warnings	0
Employee(s) Counseled	1
Value of Funds or Property Recovered	0

REPORTING REQUIREMENTS

Requirement 5(a)4

Summary of Prosecutorial Referrals

Three formal referrals of criminal cases were made this reporting period:

- A case involving possible perjury was declined by the Assistant United States Attorney (AUSA) for prosecution
- A case involving the theft of personal funds and false statements to an OIG investigator was declined by the AUSA because the loss did not meet the prosecutorial threshold
- A case involving the theft of NARA property was accepted for prosecution by the AUSA

REPORTING REQUIREMENTS

Requirement 5(a)(6)					
LIST OF REPORTS ISSUED					
Report No.	Title	Date	Questioned Costs	Unsupported Costs	Funds Put to Better Use
00-03	Evaluation of the Accuracy of NARA's Performance Measurement Data	1/28/2000	0	0	0
00-05	Evaluation of NARA's Business Continuity and Contingency Plan	2/4/2000	0	0	0

REPORTING REQUIREMENTS

Requirement 5(a)(8)

AUDIT REPORTS WITH QUESTIONED COSTS

<u>Category</u>	Number of Reports	<u>DOLLAR VALUE</u>	
		Questioned Costs	Unsupported Costs
A. For which no management decision has been made by the commencement of the reporting period	1	\$2,805	0
B. Which were issued during the reporting period	0	0	0
Subtotals (A + B)	1	\$2,805	0
C. For which a management decision has been made during the reporting period	0	\$2,805	0
(i) dollar value of disallowed cost	0	0	0
(ii) dollar value of costs not disallowed	0	\$2,805	0
D. For which no management decision has been made by the end of the reporting period	0	0	0
E. For which no management decision was made within 6 months	0	0	0

REPORTING REQUIREMENTS

Requirement 5(a)(9)

AUDITS REPORTS WITH RECOMMENDATIONS THAT FUNDS BE PUT TO BETTER USE

<u>CATEGORY</u>	NUMBER	DOLLAR VALUE
A. For which no management decision has been made by the commencement of the reporting period	0	0
B. Which were issued during the reporting period	0	0
Subtotals (A + B)	0	0
C. For which a management decision has been made during the reporting period	0	0
(i) dollar value of recommendations that were agreed to by management	0	0
Based on proposed management action	0	0
Based on proposed legislative action	0	0
(ii) dollar value of recommendations that were not agreed to by management	0	0
D. For which no management decision has been made by the end of the reporting period	0	0
F. For which no management decision was made within 6 months of issuance	0	0

REPORTING REQUIREMENTS

REQUIREMENT	CATEGORY	SUMMARY
5(a)(3)	Prior significant recommendations unimplemented	None
5(a)(5)	Information or assistance refused	None
5(a)(10)	Prior audit reports unresolved	None
5(a)(11)	Significant revised management decisions	None
5(a)(12)	Significant revised management decisions with which the OIG disagreed	None

